



STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

DRAFT

Date:	08/14/13	Bill No:	Assembly Bill 300
Tax Program:	Prepaid Mobile Telephony Services Surcharge	Author:	Perea
Sponsor:	CTIA – The Wireless Association	Code Sections:	RTC 41020, 41030 RTC Part 21 (Sec. 42000) , RTC Part 21.1 (Sec. 42100)
Related Bills:		Effective Date:	Upon Enactment

This analysis only addresses the provisions that impact the Board of Equalization (BOE)

BILL SUMMARY

Among other things, this bill imposes upon each prepaid consumer a prepaid mobile telephony services (MTS) surcharge to be collected by a seller on each retail transaction involving prepaid mobile telephony services.

Summary of Amendments

The amendments since the last analysis, among other things, make technical corrections related to the proposed prepaid MTS surcharge administration, add tiered local rates, authorize the BOE to contract with a third-party to conduct specified local charge administrative responsibilities, require a local agency to certify that its ordinance applies to prepaid MTS and hold the BOE harmless for any damages that result pursuant to its collection, make clarifying definition changes, require a local agency to contract with the BOE for local charge collection, remove provisions authorizing the BOE to make location software available, revise and add definitions, clarify administrative responsibilities with, and organize, the Local Act, change known-address transaction provisions, refine bundled transaction language, add a 5-year sunset date, revise the intrastate portion of mobile telephony service to 78.5%, require service suppliers, for calendar year 2015, to remit the Emergency Telephone Users Surcharge and California Public Utilities Commission (CPUC) surcharges and fees, and remove the 2% BOE cost reimbursement cap.

ANALYSIS

CURRENT LAW

Surcharges and Taxes.¹ Current law assesses a number of state surcharges, taxes, and fees on telecommunications services. Telephone service providers collect these taxes and surcharges from their customers and remit them to either the CPUC or the BOE, as specified.

CPUC-Mandated Telecommunications All-End-User Surcharges. Currently, six CPUC-mandated telecommunications all-end-user surcharges support various public programs in California. The all-end-user surcharge rates are remitted to the CPUC and

¹ The following information is provided by the CPUC; for additional detail see [Surcharges and Taxes](#).

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vary from program to program. The CPUC periodically adjusts the surcharge rates based on the forecast demand for the programs. The six all-end-user surcharge programs are as follows:

- **Universal Lifeline Telephone Service (ULTS) @ 1.15%.** This program provides discounted basic telephone (landline) services to eligible California households.
- **Deaf and Disabled Telecommunications Program (DDTP) @ 0.2%.** The CPUC implemented three telecommunications programs for California residents who are deaf, hearing impaired, or disabled.
- **California High Cost Fund-A (CHCF-A) @ 0.4%.** This fund provides a source of supplemental revenues to 14 small local exchange carriers (LEC's) for the purpose of minimizing any rate disparity between rural and metropolitan areas.
- **California High Cost Fund-B (CHCF-B) @ 0.3%.** This fund provides subsidies to carriers of last resort (COLRs) to provide basic local telephone service to residential customers in high-cost areas that certain carriers currently service, as specified. The fund keeps basic telephone service affordable to meet the CPUC's universal service goal.
- **California Teleconnect Fund (CTF) @ 0.59%.** Another program established by the CPUC to meet universal service goals. This fund provides a 50% discount on selected telecommunication services to qualifying schools, libraries, government-owned and operated hospitals and health clinics, and community-based organizations.
- **California Advanced Services Fund (CASF) @ 0.164%.** A two-year program that ran from January 1, 2008 to January 1, 2010, to provide grants to "telephone corporations" to fund unserved and underserved areas with broadband services. The program was extended beyond January 1, 2013, pursuant to SB 1040 (Chapter 317, Stats. 2010), which also established two new program elements: The Rural and Urban Regional Broadband Consortia Account and The Broadband Infrastructure Revolving Loan Account.

CPUC User Fee (Reimbursement Account). The CPUC determines annually the appropriate fee to be paid by the telecommunications carriers. The CPUC calculates the user fee based on the telecommunications carrier's gross intrastate revenue, excluding inter-carrier sales, equipment sales, and directory advertising. The fee, which is remitted to the CPUC, finances the CPUC's annual operating budget.

Telecommunications carriers with annual gross intrastate revenues in excess of \$750,000 remit this fee quarterly, by the 15th of April, July, October, and January. Telecommunications carriers with annual gross intrastate revenues of \$750,000 or less remit the fee annually on or before January 15.

Emergency Telephone Users Surcharge (911 Surcharge). Under existing law,² the 911 Surcharge Act imposes a surcharge on amounts paid by every person in the state for:

- Intrastate telephone communication service in this state, and
- Voice over Internet Protocol (VoIP) service that provides access to the "911" emergency system by any service user utilizing the digits 9-1-1 in this state.

² Part 20 (commencing with Section 41001) of Division 2 of the Revenue and Taxation Code (RTC).

The 911 Surcharge Act requires a service supplier to collect the surcharge from each service user at the time it collects its billing from the service user. It also requires the surcharge to be added to, and stated separately in, a service supplier's billings to the service user.

Prepaid Calling Cards. [Regulation 2403](#), *Prepaid Telephone Calling Cards*, provides that the surcharge applies to the dollar amounts deducted or the minute value deducted from the prepaid telephone calling card for intrastate telephone communication service. The surcharge does not apply to dollar amounts or minutes for interstate telephone communication services or minutes the user forfeits because of expiration.

The regulation authorizes a service supplier to apply the surcharge to an estimate of the charges for intrastate telephone communication service supplied through a prepaid telephone calling card subject to the surcharge. The regulation also allows the service supplier to base the estimate of charges on such call information as the service supplier reasonably believes demonstrates the approximate amount of intrastate telephone communication service charges subject to the surcharge.

If a prepaid telephone calling card contains a statement that the card price includes applicable taxes and fees, the regulation authorizes the service supplier responsible for surcharge collection and payment to reduce the taxable measure of such services by the amount of taxes and fees that are not subject to the 911 surcharge, including the 911 surcharge itself.

Rate. The current surcharge rate is 0.50% of the amounts paid for intrastate telephone and VoIP services in this state. Service suppliers remit the surcharge to the BOE for deposit in the State Treasury to the credit of the State Emergency Telephone Number Account (Account) in the General Fund. The funds in the Account pay for 911 emergency telephone number system administration costs.

Local Taxes, Fees, and Surcharges. Locally imposed taxes, fees, and surcharges on communications services, such as 911 or access line taxes, fees, and surcharges and utility user taxes (UUTs), may also be imposed by cities and counties on the consumption of utility services, including telephone service.

PROPOSED LAW

Prepaid Mobile Telephony Services Surcharge Collection Act

This bill enacts and repeals the Prepaid Mobile Telephony Services Surcharge Collection Act (Act).³ The Act imposes, on and after January 1, 2015, a prepaid mobile telephony services surcharge (MTS surcharge) on each prepaid consumer. A seller must collect the surcharge from the prepaid consumer at the time of each prepaid mobile telephony services “retail transaction” in this state. The bill requires the surcharge and local charges to be imposed as a percentage of retail sales price. The bill also requires the surcharge to be separately stated on an invoice, receipt, or other similar document provided to the prepaid consumer, or otherwise disclosed electronically to the prepaid consumer.

The bill defines a “retail transaction” to mean “the purchase of prepaid mobile telephony services, either alone or in combination with mobile data or other services, from a seller for any purpose other than resale in the regular course of business.”

³ Part 21 (commencing with Section 42000) of Division 2 of the Revenue and Taxation Code (RTC).

Surcharge Liability. The bill imposes the MTS surcharge and local charges on a prepaid consumer rather than the seller; however, the bill requires the seller to collect and remit all of the MTS surcharges and local charges. Any unreturned amounts the seller represents and collects as the MTS surcharge and local charge owed by the prepaid consumer that are not actually owed constitutes a seller's debt to the state, or jointly to the state, for purposes of collection on behalf of, and to the local jurisdiction imposing the charge, respectively.

Furthermore, the bill provides that a seller that collects an amount that exceeds the MTS surcharge and local charges owing may refund those amounts to the prepaid consumer. The seller may refund those amounts whether or not it submits the overpayment to the BOE and no corresponding credit or refund is secured.

The bill also provides that every prepaid consumer is liable for the MTS surcharge and local charges until paid to the state. However, a prepaid consumer's payment to a registered seller relieves the consumer from further liability. Nothing in the Act imposes any obligation upon a seller to take any legal action to enforce the collection of the surcharge and local charges imposed. In addition, the seller is only required to collect and remit the prepaid MTS surcharges and local charges. The prepaid MTS surcharge and local charges are not imposed on the seller or on any prepaid MTS provider.

Administration. This bill requires the BOE to administer and collect the MTS surcharge pursuant to the Fee Collection Procedures Law (FCPL).⁴ For purposes of the Act, the bill clarifies the terms "fee" and "feepayer" as follows:

- "Fee" includes the MTS surcharge imposed by this bill; and
- "Feepayer" includes a person required to pay that surcharge, which includes a seller.

The FCPL generally provides for the BOE's administration of fee programs. Among other things, the FCPL provides for collection, reporting, return, refund, and appeals procedures, as well as the BOE's authority to adopt regulations related to the FCPL's administration and enforcement.

The bill specifically authorizes the BOE to prescribe and adopt tax administration and enforcement regulations including, but not limited to, collections, reporting, refunds, and appeals. In addition, the bill authorizes the BOE to prescribe, adopt, and enforce any emergency regulations as necessary to implement the Act.

The bill also requires the BOE to: (1) establish procedures for a seller to document when a sale is not a retail transaction, and (2) establish procedures for sharing specified MTS surcharge collection information upon the request of the CPUC or the Office of Emergency Services (OES).⁵

Registration, Reporting, and Payment. The bill requires every seller to register with the BOE on a BOE-prescribed form. The BOE shall establish a registration method that utilizes the existing seller's permit registration process for sales and use tax purposes.

The MTS surcharge is due and payable to the BOE quarterly on or before the last day of the next month following each calendar quarter. In addition, a return for the

⁴ Part 30 (commencing with Section 55001) of Division 2 of the RTC.

⁵ The bill references the Office of Emergency Services; however, the CTA currently administers the 911 program.

preceding calendar quarter must be filed with the BOE using electronic media at the time of payment.

Existing law⁶ authorizes the payment of the amount due and the filing of returns for periods other than the period or periods specified in the tax and fee laws administered under the FCPL.

Both the electronic application and tax return would be authenticated in a form or pursuant to a method as the BOE may prescribe.

The bill allows a seller to deduct and retain an amount equal to 3% of the MTS surcharge and the local charge collected by the seller and requires the seller to remit the remainder of the surcharge to the BOE.

MTS Surcharge Calculation. The bill requires the BOE to calculate the MTS surcharge rate annually, no later than November 1 each year commencing November 1, 2014, by combining the following:

- **911 Surcharge Rate.** The surcharge rate established pursuant to Section 41030 of the 911 Surcharge Act as of October 1 of each year, which shall be the surcharge rate established for intrastate telephone communication service in this state, by using 78.5% of the total charges as being the intrastate portion of the charges.

The bill amends the 911 Surcharge Act Section 41030 to detail how the OES must determine the 911 surcharge rate and the MTS surcharge rate. The OES is required to “use 78.5% of the total charges as being the intrastate portion of the charges.” Section 41030 requires the CTA to notify the BOE of the surcharge amount by October 15 of each year, commencing with October 15, 2014.

- **CPUC End-User Surcharges.** The surcharge rates the CPUC establishes pursuant to Section 319 of the Public Utilities Code (PUC), as of October 1 of each year, by “using 78.5% of the total charges as being the intrastate portion of the charges.”

This measure adds PUC Section 319 to require the CPUC to compute, commencing October 1, 2014:

- A reimbursement fee as a percentage of the sales price for prepaid mobile telephony services, and
- The cumulative of the telecommunications universal service surcharges as a percentage of the sales price for prepaid mobile telephony services.

In addition, Section 319 requires the CPUC, on or before October 15 each year, to post the reimbursement fee and cumulative surcharge notice on its Internet Web site and notify the BOE of the information. Except for the reimbursement fee and telecommunications universal service surcharge portion of the MTS surcharge, the bill does not restrict the CPUC’s authority to adjust the reimbursement fees or universal service fees or require that they only be adjusted once annually.

Furthermore, Section 319 provides the CPUC with enforcement authority “to ensure the proper remittance over retail transactions” pursuant to the Act where the prepaid MTS provider is also the seller. However, the CPUC must collaborate with the BOE in the exercise of its enforcement authority.

⁶ RTC §55041.1

- **Local Taxes and Surcharges.** The bill requires the BOE to post on its Internet Web site, no later than each December 1, the combined total of the rates of MTS surcharge and the rate or rates of local charges for each local jurisdiction. The posted combined rate applies to all retail transactions during the calendar year beginning April 1 following the posting. However, the bill provides an exception when a local agency notifies the BOE that the local charge(s) is inaccurate or no longer imposed or has decreased. In such cases, the bill requires the BOE to promptly post the recalculated rate(s). The change becomes operative on the first day of the calendar quarter commencing more than 60 days from the date of the local agency notification.

Retail Sale Location. The bill provides the MTS surcharge is imposed upon a percentage of the sales price of each retail transaction that occurs in this state. A retail transaction occurs *in this state* if the consumer makes the retail transaction in person at a business location in the state (point-of-sale transaction). If this is not applicable, a retail transaction occurs in this state if the consumer's address is in this state (known-address transaction). A consumer's address is in this state under any one of the following circumstances:

- The retail sale involves shipping of an item to be delivered to, or picked up by, the prepaid consumer at a location in the state.
- The prepaid consumer's address is known by the seller to be in the state. The consumer's address is considered to be "known by the seller" if the seller's records maintained in the ordinary course of business indicate that the prepaid consumer's address is in the state and the records are not made or kept in bad faith.
- The prepaid consumer provides an address during consummation of the retail transaction that is in the state, including an address provided with respect to the payment instrument if no other address is available and the address is not given in bad faith.
- The mobile telephone number associates with a location in this state.

The bill states that a retail transaction occurs at only one location for local charge determination. The bill presumes the consumption of, use of, or access to, prepaid MTS occurs at the "point-of-sale" retail transaction location. The bill further presumes a "known-address" retail transaction occurs by the location circumstances bulleted above, in descending order. The bill also presumes the consumption of, use of, or access to, the prepaid MTS in a known-address transaction occurs at the known-address.

Transaction Location. For a known-address transaction, the bill allows the seller to collect the MTS surcharge and local charges that corresponds to the prepaid consumer's five digit postal ZIP Code.

This measure discharges a seller from any additional MTS surcharge or local charges and also relieves the seller from refunding amounts collected and remitted to the BOE if:

- A seller relies in good faith on BOE-provided retail location information to match either a point-of-sale transaction location, or the five digit postal ZIP Code of the prepaid consumer's known-address, to the applicable MTS surcharge and local charges amount;
- A seller collects that amount from the prepaid consumer; and
- A seller remits the amount to the BOE in compliance with the Act.

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The bill also discharges the seller from any additional local charges and relieves the seller from refunding amounts collected and remitted if the seller, with due diligence and in good faith, relies on credible information to match the prepaid consumer's five digit postal ZIP code to the correct local charge, even if the ZIP code corresponds to more than one local charge in a known-address transaction.

Miscellaneous Provisions. The MTS surcharge applies to the entire price where prepaid mobile telephony services are sold in combination with mobile data services or any other services or products for a single price except if:

- The prepaid MTS is sold with a cellular telephone and the purchase price for the prepaid mobile telephony services component is separately disclosed to the consumer on a receipt, invoice, or other written electronic documentation provided to the prepaid consumer, the prepaid MTS surcharge and local charge apply only to the prepaid mobile telephony services amount.
- A minimal prepaid MTS amount is sold in a single, non-itemized bundled price with a cellular telephone, the seller may elect not to apply the surcharge or local charge. For these purposes, a minimal amount includes a service allotment denominated as 10 minutes or less, or \$5 or less.

The bill authorizes a credit against, but not to exceed, the MTS surcharge and local charges where the prepaid consumer paid the 911 surcharge, state utility regulatory commission fees, state universal service charges, or local charges on the purchase to any other state, political subdivision thereof, or the District of Columbia. The credit would be apportioned to the charges against which it is allowed in proportion to the amounts of those charges.

Deposit of Revenues. The bill requires the BOE to deposit all MTS surcharge revenues into the Prepaid Mobile Telephony Services Surcharge Fund (MTS Surcharge Fund). Deposited amounts must include all surcharges, interest, penalties, and other amounts collected, less payments of refunds and reimbursement to the BOE for administration and collection expenses. The bill creates the MTS Surcharge Fund in the State Treasury. All moneys in the MTS Surcharge Fund would be deposited as follows:

- The 911 surcharge portion of the MTS surcharge would be deposited into the Prepaid MTS 911 Account, which this bill creates in the MTS Surcharge Fund.
- The CPUC surcharges portion of the MTS surcharge would be deposited into the Prepaid MTS PUC Account, which this bill also creates in the MTS Surcharge Fund.

Definitions. This bill includes several definitions of key terms, including, but not limited to, the following:

- "Mobile data service" has the same meaning as defined in Public Utilities Code Section 224.4, which provides:

"Mobile data service" means the delivery of nonvoice information over a radio band licensed by the Federal Communications Commission, to a mobile device and includes nonvoice information communicated to a mobile telephony services handset, nonvoice information communicated to handheld personal digital assistant (PDA) devices and laptop computers, and mobile paging service carriers offering services on pagers and two-way messaging devices. "Mobile data service" includes mobile broadband service offering connectivity

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over a radio band licensed by the Federal Communications Commission. Unless specified to the contrary, "mobile data service" does not include nonvoice information communicated through a wireless local area network operating in the unlicensed radio bands, commonly known as a "Wi-Fi" network.

- "Mobile telephony service" means has the same meaning as "mobile telephony services" as defined in Section 224.4 of the Public Utilities Code, which provides:

"Mobile telephony service" means commercially available interconnected mobile phone services that provide voice communication access to the public switched telephone network (PSTN) by way of mobile communication devices employing radiowave technology to transmit calls, including cellular radiotelephone, broadband Personal Communications Services (PCS), digital Specialized Mobile Radio (SMR), or another radio band licensed by the Federal Communications Commission. "Mobile telephony services" does not include mobile satellite telephone services or mobile data services used exclusively for the delivery of nonvoice information to a mobile device.

- "Seller" would mean a person that sells prepaid mobile telephony service to a person in a retail transaction.

Local Prepaid Mobile Telephony Services Collection Act

This bill also enacts and repeals the Local Prepaid Mobile Telephony Services Collection Act⁷ (Local Act). It provides that it "is the intention of the Legislature that this part shall preempt the provisions pertaining to the tax or charge rate, base, and method of collection contained in all local ordinances, rules, or regulation concerning the imposition of a local charge upon the consumption of prepaid mobile telephone services, to the extent those provisions are inconsistent with the provisions of this part and Part 21 (commencing with Section 42000). It is not the intent of the Legislature to otherwise preempt, limit, or affect the general authority of local jurisdictions to impose a utility user tax, local 911 charge, or any other local charges."

The Local Act imposes, on and after January 1, 2015, a local charge by a local agency on prepaid MTS collected from the prepaid consumer by a seller at the same time and in the same manner as the prepaid MTS surcharge is collected under the Prepaid Mobile Telephony Services Surcharge Collection Act; provided that on or before September 1, 2014, the local agency enters into a contract with the BOE, as provided.

In the event that a local agency adopts a new local charge on prepaid MTS after September 1, 2014, the Local Act requires the local agency to enter into a contract with the BOE, as provided, on or before December 1st, with collection of the local charge to commence April 1st of the next calendar year.

In the contract, the local agency must certify to the BOE: (1) that its ordinance applies its local charge to prepaid MTS and that the local agency agrees to indemnify, and hold and save harmless, the BOE, its officers, agents, and employees for any and all liability for damages that may result from collection pursuant to the contract; and, (2) the amount of the local 911 charge or the applicable tiered rate for a utility user tax.

If a local agency increases its local charge after September 1, 2014, the local agency must provide the BOE with written notice of the increased local charge on or before

⁷ Part 21.1 (commencing with Section 42100) of Division 2 of the RTC.

December 1st, with collection of the local charge to commence April 1st of the next calendar year.

Notwithstanding any other law, on and after January 1, 2015, the bill:

- Suspends the utility user tax on the consumption of prepaid MTS in the city or county at the rate specified in its ordinance. The bill provides applicable tiered rates based on the existing city or county rate. This provision is self-executing.
- Suspends a charge rate applicable to prepaid MTS for communication services or local "911" emergency telephone access. Suspends a charge rate applicable to prepaid MTS for communication services or local "911" emergency telephone access. The bill specifies the applicable rate as 0% or a calculated rate percentage, based on the existing city and county per access line rate.

On and after January 1, 2015, the Local Act shall be:

- The exclusive collection method for the local UUT, local 911 charge, and any other local charge imposed on consumers using prepaid MTS, and for defining the scope of the tax or charge.
- The complete substitute for the UUT rate set forth in the local ordinance at the specified tiered rate. The bill also states that "this part shall not preempt, limit, or affect the general authority of local jurisdictions to impose a utility user tax, local 911 charge, or any other local charges."

Local Act Administration. The bill requires the BOE to perform all functions incident to the collection of the local charges of a city or county. In addition the BOE must collect the local charges in the same manner as the MTS surcharge in the MTS Act, subject to specified limitations. Those limitations, for which the city or county is responsible, include:

- Defending any claim regarding the validity of the ordinance in its application to prepaid MTS.
- Interpreting any provision of the ordinance, except to the extent specifically superseded by the Local Act.
- Responding to specified customer claims for refund.
- Certifying that the city or county ordinance applies the local charge to prepaid MTS and agrees to indemnify and hold harmless the BOE, its officers, agents, and employees for any and all liability for damages that may result from collection of the local charge.
- Reallocation of local charges as a result of correcting errors relating to the location of the point of sale of a seller or the known address of a consumer, for up to two past quarters from the date of knowledge.

The Local Act authorizes the BOE to prescribe and adopt rules and regulations as may be necessary or desirable for the administration and collection of local charges and the distribution of the local charges collected.

The Local Act limits the BOE's audit duties to verification that the seller complied with the Act and allows the BOE to contract with a third party to:

- Allocate and transmit collected local charges in the Prepaid Mobile Telephony Services Fund to the appropriate local jurisdictions.

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- Audit proper collection and remittance of the local charge.
- Respond to requests from sellers, customers, boards, and others regarding local charges.

The bill applies existing disclosure laws to any third party contract, and prohibits contingent fee arrangements as payment for services rendered.

Local Act: Deposit of Revenues. The bill creates the Local Charges for Prepaid Mobile Telephony Services Fund in the State Treasury. All local charges imposed and collected by the BOE are to be held in trust for the local taxing jurisdiction. Local charges consist of all taxes, charges, interest, penalties, and other amount collected by the BOE, less payments for refunds and reimbursement to the BOE for expenses to administer and collect the local charges. The bill requires the BOE to periodically transmit the funds to the local jurisdictions as promptly as feasible, and at least once in each calendar quarter. The BOE must also furnish a statement indicating the amounts paid and withheld.

Miscellaneous Provisions. The Local Act contains provisions similar to the Bradley-Burns Uniform Local Sales and Use Tax Law and Transactions and Use Tax Law, including, but not limited to provisions that require:

- the city or county to pay such costs monthly as incurred and billed by the BOE that include all preparatory costs, as described. The Director of Finance would resolve any preparatory-cost disputes, and his or her decision would be final.
- the BOE to annually prepare a report showing the amount of both reimbursed and unreimbursed administrative local charges collection costs.

Sole responsibility lies with a city or county that has adopted an ordinance to impose a charge that applies to prepaid MTS to:

1. Defend any claim regarding the validity of the ordinance in its application to prepaid mobile telephony service.
2. Interpret any provision of the ordinance, except to the extent specifically superseded by this statute.
3. Respond to claims for refund, including claims of exemption under the ordinance.

Intent Language. This bill states that it is the intent of the Legislature that the 911 surcharge and CPUC surcharge and fee remittance obligations of a prepaid MTS provider shall continue to remain subject to the law existing prior to the effective date of this act until January 1, 2016. The law existing prior to the effective date of this act remains applicable for each of the following:

- The collection of surcharges, the liability for which accrued prior to January 1, 2015.
- The making of any refunds and the effecting of any credits.
- The disposition of money collected.
- The commencement of any action or proceeding pursuant to this part.

Operative Date. As an urgency measure, the bill becomes effective immediately. However, the MTS surcharge is operative January 1, 2015, and would remain in effect until January 1, 2020.

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LEGISLATIVE HISTORY

In 2010, AB 2545 (De La Torre) would have required the CPUC to conduct a public process for the purpose of developing recommendations for an equitable and uniform method of collection for state and local government-imposed communications taxes, fees, and surcharges from prepaid communications end-user consumers. That bill was ordered to third reading in the Senate, but was subsequently moved to the Senate inactive file where the bill died.

During the 2011-12 Legislative Session, Assembly Member Fiona Ma introduced AB 1050, which would have imposed a MTS surcharge, similar to this bill. That bill died in the Senate Committee on Governance and Finance.

COMMENT

1. **Sponsor and Purpose.** The bill is sponsored by CTIA – The Wireless Association⁸ - and is intended to create a fair uniform mechanism to ensure collection of state and local communications taxes and fees from consumers of prepaid mobile telephony services.
2. **The August 14, 2013 amendments**, in part, (1) revise and add definitions, (2) clarify administrative responsibilities with, and organize, the Local Act, (3) change known-address transaction provisions, (4) refine bundled transaction language, (5) add a 5-year sunset date, (6) require service suppliers, for calendar year 2015, to remit the 911 Surcharge and CPUC surcharges and fees, revise the intrastate portion of MTS from the inverse of the safe harbor (68.9%) to 78.5%, (7) remove the 2% BOE cost reimbursement cap, and (8) make other clarifying and technical corrections. **The July 10, 2013 amendments** required the CPUC to prepare a public document that proposes the reimbursement and universal fee adjustment along with a fee calculation explanation, required the OES to prepare and make available to the public a calculation summary for the proposed annual 911 surcharge, and made other technical corrections. **The June 25, 2013 amendments** (1) limited the BOE's local charge audit duties, (2) required the CPUC to collaborate with the BOE in the CPUC's enforcement authority, (3) made clarifying definition changes, (4) required a local agency to contract with the BOE for local charge collection, (5) removed provisions that authorize the BOE to make location software available, (6) clarified that a bundled transaction is a transaction that includes a cellular telephone, (7) incorporated specific local charge preemption language, (8) specified the BOE's functions incident to local charge collection, (9) incorporated provisions that authorize a city or county to examine BOE's local charge records, and (10) added saving clause provisions to continue surcharge collection, refunds, disposition of funds, and action. **The June 3, 2013 amendments** (1) required a local agency to certify that its ordinance applies to prepaid MTS and hold the BOE harmless for any damages that result pursuant to its collection, and (2) defined "geocoding." **The May 21, 2013 amendments**, in part, (1) revised the date by which the BOE must post the combined prepaid MTS surcharge rate for each local jurisdiction, (2) added a delayed operative date for a seller's implementation of a terminated or decreased local charge, (3) added excess tax reimbursement refund provisions, (4) required a local agency to provide written notice of an enacted or increased local charge on or before December 1 each year, (5) allowed a local agency to request the BOE to correct a seller geocoding error, (6) established a

⁸ CTIA was originally the acronym for "Cellular Telecommunications and Internet Association."

detailed tiered UTT rate schedule that shall apply in lieu of the rate specified by local ordinances, (7) specified the disposition of local charges, (8) authorized the BOE to contract with a third-party to conduct specified administrative responsibilities, and (9) specified responsibilities for local governments that impose a charge applicable to prepaid MTS surcharge.

3. **Administrative start-up cost funding is essential.** This bill imposes the MTS surcharge on and after January 1, 2015. As a result, the BOE must begin to implement the bill in fiscal year (FY) 2014-15.

Typically, the BOE seeks administrative cost reimbursement from the account or fund into which tax proceeds are deposited. However, this bill creates the MTS Surcharge Fund, which lacks funding to reimburse the BOE prior to collection of the tax. Upfront BOE implementation cost reimbursement is essential. Thus, BOE staff suggests the bill authorize a loan from the General Fund or other eligible fund to the Fund. The loan would be repaid from taxes collected.

Constitutional and statutory provisions prohibit the BOE from using special fund appropriations to support the administration of the proposed MTS program. **Without an appropriation, it may be necessary for the BOE to divert General Fund (GF) dollars to implement the proposed tax program. A GF diversion typically results in a negative impact on GF-supported programs and related State and local government revenues.**

4. **The service suppliers currently pay the 911 Surcharge for prepaid communication services.** The 911 Surcharge Act requires the BOE to enforce the provisions of that Act and authorizes the BOE to prescribe, adopt, and enforce rules and regulations relating to its administration and enforcement. In 2000, the BOE amended Regulation 2401, Definitions, and adopted Regulation 2403, Prepaid Telephone Calling Cards, to clarify the application of the 911 surcharge on dollar amounts or value of minutes deducted upon use of prepaid telephone and mobile telephone cards. These regulations were adopted to address confusion regarding the application of the tax to prepaid services within the telecommunications industry.

In general, the service suppliers state they report the 911 surcharge consistent with existing statutes and regulations. However, service suppliers argue that there is no statewide mechanism to collect the same communications fees and surcharges directly from prepaid wireless customers as are presently collected from post-paid customers. As such, service suppliers state they are not reimbursed for the 911 surcharge or for CPUC end-user fees from prepaid customers.

The surcharge proposed by this measure only applies to prepaid wireless services. Although the 911 surcharge applies to both prepaid calling cards and prepaid wireless services, the CPUC-related charges apply only to prepaid wireless services. Consequently, the MTS surcharge, which includes CPUC-related charges, applies only to prepaid wireless services.

5. **Should the entire 911 surcharge program be revamped?** Along with concerns regarding the collection of the 911 surcharge on prepaid wireless services, BOE staff suggests a thorough review of the 911 Surcharge Act to determine a more up-to-date surcharge mechanism to provide a sufficient revenue stream to fund the statewide emergency telephone number system.

This bill proposes to carve out a segment of the 911 Surcharge program (prepaid wireless) and instead impose a prepaid MTS surcharge on retail sales of the service

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that includes prepaid MTS and mobile data service. As discussed previously, the prepaid MTS surcharge also includes CPUC-related charges and is imposed in conjunction with the specified local taxes, fees, or surcharges.

This measure intends to address the collection of end-user taxes and fees directly from the consumer where, generally, an established relationship does not exist between the service supplier and consumer. This occurs when consumers purchase prepaid MTS from traditional retailers rather than directly from a service supplier. Without that direct relationship, service suppliers assert that they are unable to collect the taxes and fees directly from the prepaid wireless consumer. On the other hand, service suppliers are able to bill taxes and fees to cell phone consumers on their monthly service bill ("postpaid" services). Consumers pay those taxes and fees directly to the service supplier, who remits those amounts to the appropriate government entities.

The current 911 Surcharge program faces many challenges that include prepaid wireless services. Technology is rapidly changing, as are the devices and services that provide access to the 911 emergency telephone system. Some of these devices provide direct access to 911 with no intrastate telecommunication services provided, such as [5Star Urgent Response](#) and old, decommissioned cell phones. Since these devices provide no intrastate telecommunication services, the 911 surcharge does not apply. As such, their use/service does not contribute to the state emergency telephone number account.

Furthermore, surcharge revenues continue to decline because costly landline services have given way to more economical wireless and other communication services, such as electronic mail and texting. As consumer behavior changes, so do the services and products offered by carriers. For example, carriers may offer prepaid unlimited data and text separate from prepaid voice service due to voice service's decline. Under such a scenario, the MTS surcharge would apply only to the minimal per minute prepaid voice service, thus reducing the revenue estimated to be generated by this bill.

6. **MTS surcharge does not exclude ancillary services.** In its current form, the surcharge consists of any and all state and locally authorized taxes, fees, and surcharges that are applicable to **mobile telephony services**, as described. Except as provided, the bill requires the surcharge to apply to the entire price if prepaid MTS is sold in combination with mobile data services or any other service or products for a single price.

The bill requires the MTS surcharge rate calculation to include the 911 surcharge and CPUC-surcharge rates applicable to **intrastate telephone communication services**, as determined by the CTA and CPUC, respectively. The bill further requires the CTA and CPUC to multiply the determined rates by the inverse of the interstate wireless safe harbor percentage in order to adjust the rate to exclude interstate telephone communication services. However, the resulting MTS surcharge rate does not exclude ancillary services, such as voice-mail service, data, and messaging (texting). Assuming no difference between post- and pre-paid wireless service cost, MTS consumers will pay a higher surcharge than post-paid wireless consumers since the 911 surcharge and CPUC surcharges do not apply to ancillary services.

7. **Suggested amendments.** BOE staff had several concerns regarding the bill, which have, for the most part, been addressed through stakeholder meetings and amendments. The BOE staff will continue to provide technical assistance, meet with interested parties, and provide suggest appropriate amendments, that include the following:

- The amendments propose to revise the definition of “mobile telephony service” to have the same meaning as defined in Section 224.4 of the Public Utilities Code. However, this definition is inconsistent with the [model legislation](#) introduced in other states. Accordingly, the bill should be amended to read:

42002(g) “Mobile telephone service” ~~has or~~ “MTS” means commercial mobile radio service, as defined in Section 20.3 of Title 47 of the Code of Federal Regulations, and shall include mobile telephony service~~the same meaning as defined in Section 224.4 of the Public Utilities Code.~~

- Section 41030(b) inadvertently uses the word “interstate,” which should be replaced with the word “intrastate.”

41030(b) The surcharge rate shall be determined by dividing the costs (including incremental costs) the Office of Emergency Services estimates for the current fiscal year of 911 plans approved pursuant to Section 53115 of the Government Code, less the available balance in the State Emergency Telephone Number Account in the General Fund, by its estimate of the charges for intrastate telephone communications services, ~~the intrastate~~interstate portion of prepaid mobile telecommunications services, and VoIP service...

- Section 42014(c)(1) provides that “a seller that relies in good faith on retail location information which the board shall provide...” is problematic. The BOE is not able to provide such information. Similar to the local and district sales and use tax, the BOE will provide rate information based on the city or county. Accordingly, the bill should be amended to read: “A seller that relies in good faith on information provided by the board to match...”
- Section 42016 is duplicative, and may cause confusion regarding the MTS surcharge and local charge liability. As such, BOE staff suggests striking this section.
- Section 42018(b) provides that the MTS surcharge and local charge shall apply to the **MTS** component if such service is bundled with a cellular telephone, and the charges for the MTS and cellular telephone components are disclosed separately to the consumer. However, the MTS surcharge and local charge should also apply to any other services sold in combination with the MTS, such as mobile data service.

42018(b) If prepaid mobile telephone services are sold with a mobile telephone service communication device, commonly termed a cellular telephone, for a single, nonitemized price, then the prepaid MTS surcharge and local charges shall apply to the entire nonitemized price, except if the purchase price for the cellular phone component ~~prepaid mobile telephony services component~~ of the bundled charge and ~~if the purchase price of the prepaid mobile telephony services component is separately disclosed to the prepaid consumer on a receipt, invoice, or~~

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other written or electronic documentation provided to the prepaid consumer, the prepaid MTS surcharge and local charges may be calculated ~~based upon~~ excluding the separately stated cellular telephone price that amount.

- Section 42103(a) should incorporate language that clarifies the references in the FCPL to “fee” and “feepayer” for purposes of the Local Act.

42103(a) The board shall....subject to the limitations set for the in Section 42105. For purposes of this part, the references in the Fee Collection Procedures Law to “fee” shall include the local charge imposed by this part, and references to “feepayer” shall include a person required to pay the local charge imposed by this part, which includes the seller.

- Section 42103(b) creates the *Local Charges for Prepaid Mobile Telephony Services Fund* in the State Treasury. In subdivision (e)(1), the fund is mistakenly referred to as the *Prepaid Mobile Telephony Services Surcharge Fund*. Accordingly, subdivision (e)(1) should revise the referenced fund to the *Local Charges for Prepaid Mobile Telephony Services Fund*.
- SEC. 13 of the bill incorporates Legislative intent language related to remittance obligations of a prepaid MTS provider for the 911 surcharge and CPUC surcharges and fees, until January 1, 2016. The intent language also provides the necessary authority that authorizes the BOE to propose deficiency assessments, issue deficiency assessments, and deposit funds for the surcharges prior to the effect date of the bill, but which are discovered after January 1, 2015. The BOE staff is working with the author and committee staff to draft appropriate amendments.

Furthermore on a technical note, BOE staff recommends an amendment to move all references to the local prepaid MTS from Part 21 (commencing with Section 42010) to Part 21.1 (commencing with Section 42100). Similar to the Uniform Local Sales and Use Tax Law and the Transaction and Use Tax Law, the local provisions are contained only within those laws, and the state Sales and Use Tax Law makes no mention of the local taxes.

8. **MTS seller’s recordkeeping and reporting would be complicated.** For sales and use tax purposes, MTS sellers likely hold seller’s permits, file returns, and report applicable sales or use tax. In addition, prepaid MTS sellers might also sell tires, covered electronic devices, lumber products, and tobacco products, all of which impose a unique special tax or fee that existing law requires to be separately stated on their customers’ receipt.

The various taxes require separate accounting records for MTS sellers that sell one or more of these specific commodities, which increases their record-keeping burden. Furthermore, a separate tax or fee statement on the customer receipt could result in additional retailer programming costs. However, this measure permits sellers to retain 3% of the MTS surcharge and local charges collected to defray their collection costs.

Furthermore, the Local Prepaid MTS Collection Act includes a UUT on the consumption of prepaid MTS service and a local 911 charge. This would further complicate a retailer’s recordkeeping and reporting if they have retail locations in more than one jurisdiction that imposes a local charge.

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9. **This measure imposes a MTS surcharge at the time of each retail transaction for prepaid wireless services in this state.** The bill states that a retail transaction occurs in the state if the prepaid consumer makes the retail transaction at a location in this state, or if the prepaid consumer makes a known-address transaction, as described. A known-address transaction that occurs in this state generally relates to an Internet-based or telephone-based transaction. In this case, the seller likely transfers the prepaid wireless services to the consumer by:

- Mail as a physical prepaid wireless card, or a card bundled with a mobile phone; or
- Directly adding the prepaid minutes to the consumer's device.

In a known-address transaction, the seller may be located in this state or outside this state. It is questionable whether or not the state may legally require an out-of-state MTS retailer, who has no physical presence in California, to remit the surcharge on services sold to an in-state consumer. While service suppliers are currently registered with the BOE for purposes of the 911 Surcharge, some prepaid MTS sellers may be located outside this state even though they sell to California consumers.

COST ESTIMATE

BOE administrative costs related to this bill are substantial. These costs include: surcharge-payer identification, notification, and registration; regulation development; manual and publication revisions; surcharge return design; computer programming; return, payment, and refund claim processing; audit and collection tasks; staff training; and public inquiry responses. These costs are estimated to be \$9,132,000 for 2014-15, \$9,565,000 for 2015-16, \$10,837,000 for 2016-17, and \$10,668,000 for 2017-18 through 2019-20.

The administrative costs related to the January 1, 2020, sunset date have not been factored into the above administrative costs and are pending.

REVENUE ESTIMATE

BACKGROUND, METHODOLOGY, AND ASSUMPTIONS

Local MTS Revenue. BOE staff found that there are over 150 local UUTs. Because of the number of UUTs and various rates, BOE staff was unable to estimate UUT revenue.

Current Prepaid Wireless CPUC & 911 Surcharge Revenue. According to the Federal Communications Commission's (FCC) [16th Mobile Wireless Competition Report](#), the 2011 wireless industry service revenues totaled \$169.8 billion. California constituted 12% of wireless subscribership in 2011. Thus, BOE staff estimates 2011 California wireless revenues at \$20.376 billion (\$169.8 billion wireless revenue x 12% California subscribership).

According to the FCC report, the average revenue per user (ARPU) for prepaid wireless service equals \$20 per month and the ARPU for postpaid service equals \$60 per month. Accordingly, the prepaid wireless ARPU constitutes one-third of the average postpaid wireless ARPU. The FCC report also specifies the prepaid wireless market penetration (subscriber number) at 22%. To arrive at the 7.33% prepaid market share, BOE staff multiplied the 22% market penetration by one-third (the ratio of prepaid to postpaid ARPU).

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The BOE staff estimates the California prepaid wireless revenue at \$1.494 billion, which staff then multiplied by the California intrastate revenue figure of 80% to arrive at \$1,195,392,000 California intrastate wireless revenue.

2011	
US Total Wireless Revenue (December 2011)	169,800,000,000
California Wireless Revenue (12%)	20,376,000,000
Prepaid Market Share (20/60*22%) ⁹	7.33%
California Prepaid Wireless Revenue	\$ 1,494,240,000
California Intra-State Revenue (80%) ¹⁰	\$ 1,195,392,000

Current Public Purpose Fund & 911 Surcharge Revenue and Estimated MTS Revenue. The combined current CPUC surcharge and 911 surcharge rates amount to 3.46%. The table below provides a breakout of revenue calculated under current law and revenue calculated under this measure.

The *Estimated California Prepaid Wireless Revenue Base* for current law in the table below includes intrastate prepaid wireless revenues only, to which the existing surcharge rate applies. For purposes of AB 300 revenue calculation, the *Estimated California Prepaid Wireless Revenue Base* includes all prepaid wireless revenue, including interstate and intrastate communications, text and data. To determine the revenues generated by this bill, the *Estimated California Prepaid Wireless Revenue Base* is multiplied by the (AB 300) prepaid MTS rates, which the bill computes by multiplying the current surcharge rates by 78.5%.

⁹ As reported in the FCC report, the average prepaid wireless ARPU equals \$20 per month, or one-third of the average postpaid wireless ARPU which equals \$60 per month. In the same report, prepaid wireless market penetration (number of subscribers) equaled 22%.

¹⁰ http://files.ctia.org/pdf/filings/120806_CTIA_USF_Contribution_Reply.pdf (Page 3)

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AB 300 Estimated Prepaid Revenues	Current Rates	Current Law 2011-12 BOE Calculated	AB 300 Rates	AB 300 BOE Calculated ¹¹ Revenue	AB 300 Industry Based ¹² 2011-12 Revenue
Estimated CA Prepaid Wireless Revenue Base		\$1,195,392,000		\$1,447,041,024	\$1,989,681,408
Estimated PW 911 Surcharge Revenue:	0.50%	5,976,960	0.39%	5,679,636	7,809,500
Estimated PW ULTS Revenue:	1.15%	13,747,008	0.90%	13,063,163	17,961,849
Estimated PW DDTP Revenue:	0.20%	2,390,784	0.16%	2,271,854	3,123,800
Estimated PW CHCF-A Revenue:	0.40%	4,781,568	0.31%	4,543,709	6,247,600
Estimated PW CHCF-B Revenue:	0.30%	3,586,176	0.24%	3,407,782	4,685,700
Estimated PW CTF Revenue:	0.59%	7,052,813	0.46%	6,701,971	9,215,209
Estimated PW CASF Revenue:	0.164%	1,960,443	0.129%	1,862,921	2,561,516
Estimated PW PUC User Fees:	0.18%	2,151,706	0.14%	2,044,669	2,811,420
Total 911 and Public Purpose Fees	3.484%	\$ 41,647,457	2.735%	\$ 39,575,704	\$ 54,416,593

Foregone Revenue. This measure would no longer impose the CPUC and 911 surcharges on prepaid wireless services, which amounts to approximately \$41.647 million annually.

Additionally, this measure allows MTS sellers to retain 3% of the MTS surcharge collected, which amounts to \$1,187,271 annually (\$39.6 x 3%).

The total foregone revenue as a result of this measure is estimated to be \$42.8 million annually (\$41.647 million + \$1,187,271).

Provider (Carrier/Service Supplier) Funding. This measure states Legislative intent to require prepaid wireless carriers, for 2015, to fund the existing CPUC funds and State Emergency Telephone Number Account by continuing to pay the 911 surcharge and CPUC surcharges and fees that would have been collected and remitted under current law, or \$41.647million.

REVENUE SUMMARY

This measure would generate approximately \$39.6 million annually less (1) existing CPUC and 911 surcharge revenue on prepaid wireless services, and (2) 3% for retailer reimbursement. In addition, this measure states Legislative intent to require carriers to continue to pay, through 2015, the current 911 surcharge and CPUC surcharges and fees.

In 2015, assuming the service suppliers act consistently with the Legislative intent, this measure results in a net revenue gain in the amount of \$38.4 million (\$39.6 million AB 300 revenue - \$42.8 million forgone revenue + \$41.647 million carrier revenue). Beginning in 2016, this measure results in a \$3.3 million revenue loss annually until the

¹¹ See Table 1.

¹² See Table 2.

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January 1 2020, sunset date. These figures do not take into consideration reimbursement to the BOE for administrative costs (see Cost Estimate).

Qualifying Remark. The net revenue loss may be overstated to the extent that the *Estimated California Prepaid Wireless Revenue Base* under existing law does not take into account non-voice revenues derived from prepaid wireless devices, such as data (e.g. texting). We cannot separate these revenues with the data we have available; however, BOE staff assumes that the non-voice revenues are minor.

It should also be noted that the August 14, 2013, amendments contain intent language to require providers to remit the 911 surcharge and CPUC surcharges and fees, under the law as it currently reads, through December 31, 2015 (carrier funding). However, the amendments do not accomplish this intent. To count the revenue from the provider's obligation to pay the current 911 surcharge and CPUC surcharges and fees through 2015, the bill must be amended require carriers to remit those amounts. The BOE staff is providing technical assistance to accomplish that intent.

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Table 1 CA Prepaid Wireless Point of Sale Revenue Estimate Worksheet

	FY 2011-12
FCC Reported Subscribers (Postpaid and Prepaid) as of December 2011	34,892,000
CTIA Reported Prepaid Wireless Market Penetration (as of December 2011)	21.6%
CA Prepaid Subscribers from FCC Data	7,536,672
less 20% inactive accounts/churn/lifeline	1,507,334
CA paying prepaid Subscribers from FCC data	6,029,338
Estimated Monthly Revenue @ \$20 ARPU as reported by FCC Data	\$ 120,586,752
Estimated CA Annual Prepaid Revenue	\$ 1,447,041,024
Intrastate portion of prepaid	78.5%
Statutory Rate of 911 fee	0.500%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.393%
Estimated State 911 fee revenue	\$ 45,679,636
Universal Lifeline Telephone Service (ULTS) Statutory Rate	1.150%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.903%
Estimated ULTS Revenue	\$ 13,063,163
Deaf and Disabled Telecommunications (CA Relay) fee rate statutory rate	0.200%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.157%
CA Relay fee revenue	\$ 2,271,854
California High Cost A & B Funds statutory rate	0.700%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.550%
Estimated High Cost A&B Funds revenue	\$ 7,951,490
California Teleconnect Fund (CTF) statutory rate	0.590%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.463%
Estimated CTF revenue	\$ 6,701,971
CPUC User Fee statutory rate	0.1800%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.14130%
Estimated CPUC User Fee Revenue	\$ 2,044,669
California Advanced Services Fund (CASF) statutory rate	0.1640%
CASF rate adjusted for Intrastate using inverse FCC safe harbor	0.129%
Estimated CASF Revenue	\$ 1,862,921
TOTAL STATE PUBLIC PURPOSE FEES, and 911 Fees	\$ 31,575,704

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Table 2 CA Prepaid Wireless Point of Sale Revenue Estimate Worksheet (Industry)

	FY 2011-12
FCC Reported Subscribers (Postpaid and Prepaid) as of December 2011	34,892,000
Estimated Prepaid Wireless Market Penetration	21.6%
Forecasted CA Prepaid Subscribers from FCC Data	7,536,672
less 20% inactive accounts/churn/lifeline	1,507,334
Forecasted CA paying prepaid Subscribers from FCC data	6,029,338
Estimated Monthly Revenue @ \$27.50 ARPU	\$ 165,806,784
Estimated Annual Prepaid Revenue	\$ 1,989,681,408
Intrastate portion of prepaid	78.5%
Statutory Rate of 911 fee	0.500%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.393%
Estimated State 911 fee revenue	\$ 7,809,500
ULTS Statutory Rate	1.150%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.903%
Estimated ULTS Revenue	\$ 17,961,849
CA Relay fee rate statutory rate	0.200%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.157%
CA Relay fee revenue	\$ 3,123,800
High Cost A & B Funds statutory rate	0.700%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.550%
High Cost A&B Funds revenue	\$ 10,933,299
California Teleconnect Fund statutory rate	0.590%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.463%
CTF revenue	\$ 9,215,209
PUC User Fee statutory rate	0.1800%
Rate adjusted for Intrastate using inverse FCC safe harbor	0.14130%
PUC User Fee Revenue	\$ 2,811,420
California Advanced Services Fund statutory rate	0.1640%
CASF rate adjusted for Intrastate using inverse FCC safe harbor	0.129%
CASF Revenue	\$ 2,561,516
TOTAL STATE PUBLIC PURPOSE FEES, and 911 Fees	\$ 54,416,593

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